

VERMONT DEPARTMENT OF PUBLIC SERVICE

MEDIA RELEASE

FOR IMMEDIATE RELEASE
October 21, 2003

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Vermont reaches agreement with New York for continued purchase of hydro power

Montpelier, VT—The Vermont Department of Public Service (DPS), on behalf of Vermont utilities, has reached agreement with the New York Power Authority (NYPA) to continue Vermont's longstanding purchase of power from the St. Lawrence Project. The renegotiation came as part of NYPA's effort to renew its federal license for the St. Lawrence hydro facilities.

"I am pleased to announce that Vermont will continue to receive the benefit of this small, but valuable part of our power mix," said David O'Brien, DPS Commissioner. Under the new agreement, Vermont will receive low cost hydroelectric power from NYPA as a condition of NYPA's license. Vermont had received a one-megawatt allocation under a previous contract with NYPA that was set to expire in October 2003. The new agreement extends the cost-based rates through 2017 and guarantees the allocation for the life of the license. Rates for the power are estimated initially at approximately \$25 per megawatt, compared to more than \$40 per megawatt in the New England wholesale market.

The agreement comes as NYPA seeks renewal of its 50-year federal license to operate the 912-megawatt St. Lawrence Project/FDR Project, which is part of a publicly-funded international waterways development that spans the U.S.-Canadian border on the St. Lawrence River in Massena, New York. NYPA is required under the expiring license to sell "a reasonable portion" of St. Lawrence power output to neighboring states. NYPA reached a settlement with six states in the region to sell them 4.25 percent of the project's generation.